

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

S U M M A R Y

Category "A"

Item No. Greater Reliance on State and Local Governments

- A-1 The greatest potential for expanding the states' role in Agriculture programs is in the regulatory, inspection and grading programs and in other programs traditionally carried out in cooperation with the states. Working with state and industry representatives, an agreed upon set of criteria and an action plan for decentralizing more of these programs to the states has been promulgated with responsibilities assigned for achieving prompt results. Some 71 proposals have been received from 20 states to date, with proposals for expanding their role in 17 different Agriculture programs. While those proposals involving a major change will require several months to work out a decentralization program, nonetheless some progress has already been achieved, i.e.:

Meat grading in North Carolina has been placed under administrative control of the State with State employees performing the grading and only technical control being exercised by the Federal Government. A similar approach is being considered for several other States.

Oregon has assumed direction of all field activities on cooperative plant pest control programs in the State involving Federal expenditures of \$12,000 annually and saving \$15,000 annually through a single operation.

Improvements in coordination of State and Federal market news operations were achieved in Georgia, Alabama, South Carolina and California which eliminated Federal seasonal offices and in the case of Blythe, California, turned over the operation to the State.

- A-2 A program to coordinate Department, State and local audits of Federally-assisted State and local Agriculture programs is underway. Audit guides have been furnished states for (1) Wholesome Meat and Poultry, and (2) Commodity Distribution Programs. Additional guides covering the Child Nutrition and Food Stamp Programs will be issued for State use by March 31, 1971. An audit guide is the first step in obtaining State audits that cover Federal interests. Meetings with State audit organizations are programmed for early 1971 to develop agreement on audit principles and training requirements. Full implementation will be accomplished in stages that depend largely on the ability of various states to assume the added load. However, full implementation is expected by July 30, 1973.

Item No. Greater Reliance on State and Local Governments

- A-3 Formula and other grant programs of the Extension Service and Cooperative State Research Service were reviewed by a task force in 1970 to determine the extent to which state extension and research capabilities of the Land Grant institutions would permit discontinuance or transfer of Federal supervision and control to the states. Action assignments have been made to carry out task force recommendations which in summary will change current project review procedures applicable to some grant activities to an annual program review process, reduce reporting requirements, and strengthen management assistance to the states. Substantial implementation is expected during 1971.
- A-4 The Rural Electrification Administration modified its electric loan policies and procedures during the past year to enable private financing as a supplemental source of capital for rural electrification. With REA assistance, electric borrowers organized the National Rural Utilities Cooperative Finance Corporation (CFC) as a new lending organization to provide this supplemental financing. The long range impact will be to place greater reliance on private enterprise and reduce the involvement of the Federal Government in commercial operations.
- A-5 Agriculture's Rural Development activities involve a wide range of relationships with state and local governments and citizen committees. A report to the Secretary of Agriculture of progress in the Department's rural development effort in Fiscal Year 1970 provides a good indication of the broad range of concerns and activities. While the report should be reviewed to gain some understanding of the nature of Federal involvement with state and local rural development efforts, some appreciation of the scope may be had from this quote from the report concerning information supplied by some 30 States:
- "The types of activity and numbers of States reporting action at one or more of the developmental stages are: new industrial plants, 14; job training, 10; industrial expansion, 13; service industries, 5; new markets or expansion, 8; water and sewage projects, 17; health facilities and/or services, 12; recreation facilities and/or services, 16; housing projects, 20; planning and zoning, 17; educational programs, 11; inventories of economic and human resources, 6; multi-county planning bodies, 15; transportation, 5; and special low-income projects, 13."
- A-6 Both Federal and state governments carry on meat and poultry inspection and compliance programs of all operations that have to do with processing or sale of meat and poultry. The inspection programs are designed to assure that products are truthfully

Item No. Greater Reliance on State and Local Governments

- A-6 labeled when they leave the plants, and compliance programs are concerned with preventing and detecting violations which may occur at any time between the farm and the consumer. The program to eliminate duplication between Federal and state inspection and compliance staffs was undertaken this past year. Agreements have thus far been entered into with 15 states and the Virgin Islands, providing for common operation of this program. The plan calls for the extension of this common program to 20 additional states in calendar year 1971. This integration of Federal and state compliance activities has the effect of reducing costs and raising the efficiency of the total program.
- A-7 The Commodity Distribution Program for households was established in 1967 for the 1,000 counties with the lowest per capita income ratio. Its intent is to aid families within the respective counties by providing supplemental foods. In some 50 counties the local government was unable to operate the program and the Federal Government, therefore, undertook operation of the commodity distribution program in these counties. A concerted effort is underway to convert these Federally-operated programs into state programs. Of the 35 counties remaining under Federal operation last year, 18 were converted to state programs last June, with 17 now remaining under Federal operation. It is the goal of this project to have the remaining 17 programs in 6 states converted to state operation by the end of Fiscal Year 1971.

SUMMARY

Category BItem No.Decentralization to Federal Field Offices

B-1

A review was made of the organizational structures of the programs of the Department to determine what realignment would be feasible to achieve uniformity with Federal Regional Council boundaries. The Department's programs operate through 84 separate field structures, of which 32 involve regional structures. The Plant Protection Division of the Agricultural Research Service has realigned its 5 regions to conform with those of the Federal Regional Council boundaries. It has been decided that regional boundaries of the Food and Nutrition Service shall conform with those of the Federal Regional Councils, although the number of regions will be less than the 10 Council regions. Action is now under way to establish a Food and Nutrition Service regional headquarters at Philadelphia, Pennsylvania, which would enable adjustments of the boundaries of the regions in the east to those of the Federal Regional Councils. This adjustment is to be completed by July of 1971, with adjustment of the remaining regional boundaries expected to be complete by July 1972. The present 7 regions of the Office of the Inspector General are under review to determine the feasibility of realignment thereof to conform with the Federal Regional Council boundaries. Other agriculture programs operated with regional structures apparently do not involve significant coordination requirements with those agencies designated as members of the Federal Regional Council. Nonetheless, a continuing review will be made to determine the most effective means for coordinating Agriculture's field programs with those of the Federal Regional Council member agencies.

B-2

A task force study has been completed which had as its objective the establishment of criteria for determining the most effective field office structure for Department agencies serving rural and urban communities at the county or local level. Criteria have now been provided to the four agencies involved with a direction to develop required workload systems, staffing guides, and agency criteria for field office structures. Progress toward the planned restructuring of the field offices may cover several years. However, adequate data to apply the criteria already exists in some program areas which would enable some progress in restructuring of field offices during 1971, with an accelerated program in ensuing years. This will assure that the public is served with the most efficient and economical field office structure for agriculture programs.

<u>Item No.</u>	<u>Decentralization to Federal Field Offices</u>
B-3	Farmers and land owners now get approval of their engineering plans for watershed projects three weeks faster because Soil Conservation Service State offices have been delegated authority to approve some 250 plans yearly.
B-4	The purchasing and contracting for corn-soya-milk for donation purposes are facilitated by a decentralization last year of this function from Washington to the Commodity Office at Minneapolis, Minnesota, where the function is more readily associated with the inventory management operations already carried out in this field office.
B-5	Informational activities before handled by regional specialists have been decentralized to Soil Conservation Service State offices.
B-6	A review was made to determine the potential for coordination with or participation by Department programs in Federal Regional Council activities. Heretofore, Regional Council chairmen have been given a point of contact in each State for agriculture programs should they need assistance from Agriculture in their endeavors. It has been decided that the wide range of Agriculture activities requires that there be established a more formal liaison with the Federal Regional Councils. Accordingly, there is being designated a senior Department program official presently located in the vicinity of each Federal Regional Council headquarters city whose mission will be to maintain liaison with the Council.

S U M M A R Y

Category "C"

Item No. Interagency Study of Administrative Requirements of Federal Grant Programs

- C-1 An interagency study group was formed with representation from the Department under Chairmanship of the Office of Management and Budget. USDA furnishes two men to this effort. They work with program administrators of sixteen agriculture programs included in the OMB study. These are primarily grant programs. The objective is to simplify and standardize administrative requirements government-wide. The OMB will report on this project.

S U M M A R Y

Category "D"

Item No. Streamlining and Standardization of Requirements and Procedures

- D-1 A Department-wide analysis of all programs involving grants, loans, cooperative arrangements and technical assistance in the delivery of program services identified 37 which involved significant processing effort. Of these procedures have been streamlined in 10
processing time has been reduced in 13
authority has been delegated in 9
additional improvements programmed in 1

These are some noteworthy improvements:

Owners of farm and non-farm tracts in rural areas may receive loans for obtaining or improving their homes. As the result of delegating appraisal authority to county offices and reducing required forms from 3 to 1, processing time has been reduced from 35 to 21 days or 40% for the nearly 67,000 loans made in 1970.

When a natural disaster causes severe property damage or crop losses, farmers and ranchers may obtain assistance through the emergency loan program of Agriculture. During 1970 some 465 loans were processed under revised procedures applicable to four per cent of the emergency loan cases wherein processing time was reduced from 60 to 30 days, or 50%.

Delegation of increased loan approval authority to State Directors enabled some 100 loans to be approved at field levels that heretofore required Washington approval. This resulted in an average reduction in processing time of 50 to 36 days, or 28%, for these 100 loan cases.

Participants share the cost with the Federal Government for special high-priority conservation projects under the Rural Environmental Assistance Program (REAP). Processing time was reduced from 63 to 53 days, or 16%, as a result of delegating approval authority from Washington to State Committees.

States participating in the Supplemental Food Program benefited by a change in requirements of Agriculture which enabled the State to consolidate operating plans for local health facilities and other participants into one application. Processing time for each of the 16 States now using this system has been reduced from 70 to 30 days, or 57%, plus a substantial reduction in paperwork for the local agencies and the State.

Forestry research grants are being approved 16 days earlier by reason of a delegation of grant approval authority to Regional research station directors.

Summary - Streamlining and Standardization of Requirements and Procedures (Cont'd.)

Item No.

- D-2 A standard research agreement form and procedure to be used for all grants, contracts and agreements with universities has been promulgated achieving Department-wide uniformity in the fiscal and administrative requirements of these arrangements with universities.
- D-3 Savings approximating \$1.6 million annually to loan applicants in the Rural Telephone Program have been achieved through modifications in the pre-loan requirements for engineering studies and area coverage.
- D-4 The Food and Nutrition Service has underway a restructuring of its management information system and in the process has as one objective the limiting of requirements for reports and record keeping on the part of State and local government agencies to a minimum. To date one monthly and one semi-annual report have been eliminated. As the total information system is automated and made operational, it is expected that there will be a substantial reduction in overhead costs releasing these funds for program purposes.
- D-5 Through Farmers Home Administration (FHA) programs, assistance is given to qualified farm operators to develop soil and water resources. Some 1,000 loans are made annually for this purpose. Increased loan approval was delegated to field offices in April 1970 and a procedural change enables a single determination of eligibility and loan amount. Processing time has been reduced from 30 to 20 days, or 33%. A similar approach is under consideration for the Farm Ownership Loan Program.
- D-6 Instead of waiting for the one attorney heretofore authorized to clear title loans, borrowers can now be served by several in each county as a result of a change in procedures.
- D-7 Cotton producers marketing time and costs have been reduced by a change in procedures enabling them to use agents to handle marketing and federal loan matters for them. Heretofore, cotton under loan could not be assigned to a marketing agent for pooling and sale in the manner customary in business with the result that much cotton remained in government hands.
- D-8 Streamlined procedures enabled nearly 3 million farmers to receive the entire \$3.3 billion payments due them for the 1970 wheat, feed grains and cotton programs six to eight weeks earlier than ever before and in a single full payment rather than piecemeal.
- D-9 Field managers were asked what restrictions on their authority to act ought to be removed so that they could improve services. Some 300 were reported to Department agency headquarters and acted upon with some 60 constraints removed to date. Another 139 were reported to Department headquarters of which 50 have been removed.

Summary - Streamlining and Standardization of Requirements and Procedures (Cont'd.)

Item No. Pending Accomplishments

- D-10 Borrowers and builders will benefit from revised rural housing loan processing procedures now being implemented. A total system review has been completed and an action time frame established for achieving improvements. An innovative change is the printing of forms in Spanish and assigning Spanish-speaking employees to areas with a heavy concentration of Spanish-American citizens.
- D-11 Implementing regulations are now undergoing legal review which will enable contracting with private realtors to handle the sale or leasing of rental housing units acquired by foreclosure or by voluntary conveyance. This will enable rental properties to be made available to rural renters through regular commercial channels in the real estate trade and strengthen local business.
- D-12 Many farmers estimate their acreages under production adjustment programs. This estimating oftentimes results in unintentional overplanting of crops which must then be subsequently destroyed to comply with program requirements. An acreage measurement service using aerial photographs has been offered farmers so as to provide reasonably accurate measurement of cropland before planting. Goals have been set to increase acreage measuring services rendered to farmers in 1971, the accomplishment of which should prevent the economic loss resulting from unintentional overplanting.
- D-13 Procedures have been amended to provide copies of updated aerial photo's of their cropland acreage to farmers showing all of the latest available information for his farm. This is expected to eliminate any requirements for additional acreage measurement for program compliance and reduce county office workload.
- D-14 Improved reconcentration procedures for CCC-owned cotton will eliminate a large volume of shipping and receiving documents. Plans are to complete implementation by August, 1971.
- D-15 Federal, state, and local government agencies involved in commodity distribution programs are expected to benefit by a reduction in paperwork involved in processing delivery orders through an automated procedure now being tested.

S U M M A R Y

Category "E"

Item No. Strengthen Management Capabilities of State and Local Governments

- E-1 A task force study has been completed which had as its objective the determining of what Agriculture programs could do to strengthen management capabilities of state and local government participation in Agriculture programs. There were also developed a partial inventory of on-going efforts. Decision has been made to develop systems for and to emphasize cross-utilization of Federal and state laboratories, joint use of computer systems, participation by states in the Federal Telecommunications System, training of state and local program officials in technical and management fields, and providing management assistance to the states to enable their assumption of a larger role in Agriculture programs.

Currently there are a wide range of accomplishments in strengthening state management capabilities such as joint use of computer systems in all states with the Statistical Reporting Service of the Department, joint use of reproduction and mailing equipment in New Jersey and California by Market News offices, and a variety of training provided to state employees in seed inspection, dairy products inspection, fruit and vegetable inspection, meat grading inspection, state scale inspection, forest fire training, management, organization and administration.

Management assistance has been provided to the states particularly by the Forest Service in making workload and organization analysis and in a number of other administrative fields.

- E-2 The Food and Nutrition Service has initiated a Computer Assistance Menu Planning (CAMP) for School Lunch programs operated by states. The purpose of CAMP is to improve child nutrition by developing cycles of lowest cost school lunch menus meeting school lunch nutrition standards by summarizing the quantities of commodities needed for school lunch over given periods of time. The initial CAMP installation has been established and services are now being offered to the states. The primary beneficiaries will be school districts who will be able to obtain menus and insure nutritional lunch programs with a minimum of cost and with the assurance that they are operating with a proven menu planning system.

- E-3 The Food and Nutrition Service is authorized to use 1% of Child Nutrition Program funds through grants to states and other means for nutritional training and studies. P.L. 91-248 further authorizes the Secretary to permit states to reserve 1% of their allotment of Child Nutrition funds for special developmental projects. The guidelines for new projects to be selected and evaluated are currently under consideration. A seminar program for school lunch program supervisors is currently being provided. This will be extended to include teachers and other related professional school staff personnel.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Greater Reliance on State and Local Governments

TITLE OF ACCOMPLISHMENT:

Expanding State and Local Participation in USDA Programs

DESCRIPTION OF ACCOMPLISHMENT

Background:

The Department of Agriculture has traditionally carried out its functions in cooperation with the states. Since the establishment of the Department in 1862, the states and the Department have cooperatively set up ways to handle regional and national problems that inevitably arise. A general policy has evolved of coordination and direction without domination by either federal or state authorities.

During the first year of the Department's Federal Assistance Review program, the Department, working with state and industry representation, developed more definite criteria for federal or state operation of initially 19 inspection, grading, and regulatory programs although the criterion have been made applicable to all cooperative programs of the Department.

Use of the criteria has now been promulgated as the policy of this Department. The Secretary of Agriculture has directed that each agency shall select programs to test the criteria and move forward to decentralize these Agriculture programs. The Secretary also established a task force of State and Agriculture officials to provide leadership to this effort. They have contacted each of the 50 States arranging for the transmittal of proposals for their participation in USDA programs. Some 71 proposals have been received from 20 states (See attached tabulation).

Scope:

All USDA programs carried out through federal-state cooperative action.

Accomplishments:

1. Plant Pest Control. A cooperative agreement with the Oregon State Department of Agriculture became effective February 1, providing for the conduct of all field activities on cooperative Plant Pest Control programs in Oregon by the State. This action replaced a federal operation for the State of Oregon. The agreement calls for total federal expenditures of \$12,000 each year for ongoing program work. This modification results in a savings of \$15,000 annually.

2. Market News. The operation of the Federal-State fruit and vegetable market news office at Blythe was turned over to the California Department of Agriculture. Previously this office was staffed by a Federal market reporter.

Cooperative agreements with Georgia, Alabama, and South Carolina were revised to consolidate reporting functions and more effectively utilize personnel and facilities in the Federal-State market news office at Birmingham, Alabama. To the work previously handled by the market reporter and State clerical force at Birmingham has been added the reporting of potatoes from south Alabama production areas and pecans grown in several southeastern States. This eliminated the necessity of operating seasonal Federal-State market news offices manned by Federal reporters, as in the past, at Foley, Alabama, and Albany, Georgia.

3. Trust Fund. The poultry cooperative agreement with Florida was switched from a Federal Trust to a State Trust.

4. Inspection and Grading. Cooperative inspection agreements with Nebraska, Wyoming, and Colorado were amended to provide for Federal-State inspections instead of Federal inspection at fruit and vegetable shipping points in Nebraska and Wyoming. Federal supervision will be provided by the Federal Supervisor assigned to Colorado.

In March 1970, and renewed for fiscal year 1971, C&MS entered into a cooperative agreement with Florists' Transworld Delivery Association for a pilot project, financed by FTD, to develop a voluntary system of grade standards and inspection for major ornamental crops. As a part of this project, the California Department of Agriculture, under a letter of understanding, is furnishing an inspector to assist in data collection and test inspections. An agreement covering similar assistance has been concluded with the State of Colorado. Possibilities for expanding these arrangements to eastern States are being explored.

5. Grain Inspection. The inspection of shipholds for condition is performed at the request of the trade as a prerequisite to loading agricultural commodities. In New Orleans, Grain Division employees had performed the original shiphold inspection for grain loading. This function has been transferred to the local inspection **agencies.** **These agencies are private concerns, usually boards of trade, licensed to perform original shiphold inspections by USDA.** Upon request, Grain Division employees now perform appeal shiphold inspections for grain loading

6. Meat Grading. C&MS negotiated and implemented a cooperative meat grading agreement with North Carolina during the year. C&MS exercises technical control of the program but North Carolina has administrative responsibilities for handling daily assignments and licensed State employees perform the grading. A similar approach to decentralization in the meat grading program is being considered by several other States. Active negotiations are underway currently with California.

7. Beef Carcass Data Service. A pilot project to develop and test a voluntary beef carcass data service was begun in cooperation with officials of Illinois, Iowa, Michigan and Wisconsin during the year. This proposed service would provide breeders and feeders with precise information on the quality and yield characteristics of beef carcasses originating from their herds or feedlots. The program is being carried out cooperatively between USDA and the State Departments of Agriculture.

8. Egg Graders. For the first time, in the State of California, State personnel were licensed by USDA to grade eggs. This change permitted the rendering of Federal egg grading services in areas of the State where distance from the location of Federal graders previously made the service unduly expensive. Locally situated State personnel may now perform the Federal egg grading service. This change represents a reduction in costs for many users of the services and an opportunity for further State participation in USDA programs.

9. Manufacturing Milk Standards. At the request of State Departments of Agriculture, C&MS completed its review and amendment of Manufacturing Milk Standards Recommended for State Adoption. This work was conducted in consultation with the Public Health Service and State Departments of Agriculture. Thirteen meetings have been held since with officials in 10 States to discuss steps for adoption of uniform Federal standards and specifications and implementation of inspections by States. The USDA development of uniform standards will, when adopted and administered by States, enable the production of a more wholesome product.

10. Cotton Classing Project Initiated. The Cotton Division began a sample testing project for the North Carolina Department of Agriculture. The Division's Classing Office in Raleigh collects cotton samples and forwards them to the Cotton Division Laboratory in Clemson, South Carolina, where

they are tested. Raw test data are fed into a computer under an agreement with Clemson University. Each week during active harvest season, the NCDA publishes data based on printouts furnished by this project. Prior to this season the NCDA had been performing these tests in its own laboratory.

11. Fruit and Vegetable Inspection Data. Cooperative projects to collect data on deterioration of certain fresh fruits and vegetables while in transit were developed with California, Arizona, Washington, Oregon, Idaho and Texas. Data are collected by the States and processed by the Federal headquarters.

12. Fruit and Vegetable Market News. Examples of expanded market news cooperation include the following actions by the Fruit and Vegetable Division:

- Agreed to cooperate with the North Carolina Department of Agriculture in initiating a Federal-State production area market report on North Carolina cabbage. The report is released over the C&MS leased wire system.
- Made arrangements with the State of Texas so that Federal and State market news reporters could substitute for one another to provide vacation relief in the Federal-State fruit and vegetable market news offices at Dallas, Weslaco, and Hereford.
- Trained a Texas State market reporter who now prepares the Federal-State report on the wholesale markets for ornamental crops in Dallas and Fort Worth.
- Provided USDA reproduction and other mailing room equipment to the State-operated Federal-State fruit and vegetable market news offices at Bridgeton, New Jersey, and El Centro, California.

FEDERAL ASSISTANCE REVIEW

PROJECT 4

EXPANDING STATE AND LOCAL GOVERNMENT PARTICIPATION IN USDA PROGRAMS

State	Grain and Commodity Inspection	Plant Protection/Quarantine Program	Pest Control	Pesticide Residue Testing	Fruit and Vegetable Inspection	Dairy Grading and Inspection	Egg/Egg Products and Poultry Grading/Inspection	Meat Grading	Meat and Poultry Inspection ("equal to")	Meat Acceptance Service	Animal Health Programs Incl. diagnostic Lab testing	Market News	Warehouse Inspection	Seed Acl Programs	Market Development	Tobacco Inspection	Crop and Livestock Reporting Program	Total No.
California	X	X		X	X	X	X		X	X	X	X						10
Georgia											X							1
Hawaii		X	X						X		X						X	5
Illinois								X										1
Kansas													X					1
Massachusetts		X			X	X	X				X	X		X				7
Michigan					X	X	X						X					4
Mississippi		X																1
Missouri											X		X					2
Nebraska					X	X	X		X		X		X					5
New Jersey		X			X	X	X		X	X	X	X		X				9
New York		X							X		X							3
North Carolina					X		X											2
Oklahoma					X				X				X					3
Oregon		X									X							2
South Carolina							X						X	X				3
Virginia		X			X			X	X		X	X			X	X		8
Wisconsin									X		X							2
Wyoming								X										1
Washington									X									1
TOTAL	1	8	1	1	7	5	7	3	9	2	11	4	6	3	1	1	1	71

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Greater Reliance on State and Local Governments

TITLE OF ACCOMPLISHMENT:

Develop and Coordinate Audit Programs between State and Federal, and Guidelines for Acceptability of Audits Made by State Agencies

DESCRIPTION OF ACCOMPLISHMENT

Background:

A Federal Assistance Review study disclosed a significant degree of duplication between USDA and State audits of grantees' operations at State and local government levels. A USDA Task Force last year heard reports from State officials that:

- a. Auditing is excessive - as many as 20 Federal auditors who spent some 5 months in Kentucky alone.
- b. Audits, audit follow-ups and administrative reviews are inordinately time consuming and expensive.
- c. While the program agreement is with the State, Federal auditors audit all phases of the program, visiting counties, recipients, banks and State offices, even though the State audits the counties and counties may use private CPA auditors.

A policy has been adopted by the Department to rely to the fullest extent possible on audit performed by or for the States on Federally-assisted programs. It has been found that the scope of audit work by State and public accountants is primarily concerned with the financial transactions and does not cover operational reviews of a program. This has limited the usefulness of these audit reports. In order to achieve greater use of the audit work by State and public accountants, a project was undertaken to provide the States with auditing standards and guidelines which, if followed by the States, will enable reliance by USDA on their audits and accordingly eliminate current duplication in audit work.

Scope:

This project is nationwide in scope and affects all USDA Federally-assisted State and local programs. The major programs involved are the Cooperative Meat Program, the Poultry Inspection Program, and the Child Nutrition and Commodity Distribution Programs.

Accomplishments: Audit guides have been furnished States for (1) Wholesome Meat and Poultry, and (2) Commodity Distribution Programs. Additional guides covering the Child Nutrition and Food Stamp Programs will be issued for State use by March 31, 1971. An audit guide is the first step in obtaining State audits that cover Federal interests.

Thereafter, meetings will be held with State audit organizations to determine whether States are willing to give the necessary audit coverage and, if so, the training that is needed to expand State audits to cover Federal interests. The initial meeting with each State is expected to be held by April 15, 1971.

Full implementation will be accomplished in stages that depend largely on the ability of various States to assume the added load. Complete implementation is expected by June 30, 1973.

Benefits: The results should be the elimination of duplications between Federal and State audits on Federally-assisted programs. With adequate audit standards being established, there should result a higher quality of audit work. With a given program being subject to only one audit coverage, there should be a considerable saving in time by State agencies which heretofore met with many different audit groups.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Greater Reliance on State and Local Government

TITLE OF ACCOMPLISHMENT:

Streamlining Formula Grant and Selected Grant Programs

DESCRIPTION OF ACCOMPLISHMENTBackground:

A Task Force study was initiated in 1970 which has as its purpose the investigation of current policies and procedures employed by the Department of Agriculture in administering grant programs under the Hatch, McIntire-Stennis, Facilities, Special Grants (PL 89-106), Smith-Lever, and Agricultural Marketing (1946) Acts.

A major line of inquiry was to determine the extent to which state extension and research capabilities of the Land-Grant institutions permit discontinuance or transfer of some aspects of Federal supervision and control exercised in the past.

Scope:

The project provided the opportunity to re-examine the roles of the Cooperative State Research Service (CSRS) and the Extension Service (ES) to determine what Federal functions and requirements are no longer needed, and what Federal services might be expanded and improved. The funds administered by CSRS and ES are largely used to provide Federal support for research and extension programs carried on through the Land-Grant institutions. It should be noted, however, that these funds comprise only one-fifth of total funds for agricultural research in State Experiment Stations, and two-fifth of total funds available to the Cooperative Extension Services of the States.

Accomplishments:

The Task Force recommendations included a series of proposals designed to give greater latitude to the State institutions in program planning and execution. A number of the recommendations will require statutory change. Grant administration by the Department of Agriculture is generally in accordance with the objectives of the President in the Federal Assistance Review program -- that is, decentralization, reliance on state and local personnel, and minimizing administrative costs and red tape. This philosophy has been repeatedly expressed in the basic legislation and accompanying statements of intent. Thus, the changes recommended are by way of making more effective the already decentralized operation of these grant programs.

Accomplishments: The responsibility for implementing the recommendations of the report has been assigned by the Under Secretary to the Director of Science and Education, the Department official primarily responsible for these programs.

In summary, the findings and recommendations are as follows:

Research project outlines are presently required of the State Agricultural Experiment Stations before grant funds can be expended on an individual project. It is proposed that Station directors be delegated the authority to approve such projects. This contemplates that the Department and the State will develop adequate administrative procedures for station review of project proposals.

It was found that programs involving regional research funds involved needlessly complex planning, reporting, and coordinating procedures. It is proposed that the determination of the scientific adequacy of individual research proposals will be decentralized to the States.

It was found that certain statutory requirements on expenditure of research funds limited their usefulness and made for inconsistencies in Federal and State research. Legislative proposals may be necessary in order to overcome the funding problems.

It was found that a number of Federal reports requiring data on personnel and budgetary items are unnecessary and these are proposed for elimination.

It was found that there was a need for Federal participation with the States in program and administrative reviews and in several other actions to improve program management. Proposals for accomplishing this were made.

The implementation of these Task Force recommendations is being initiated immediately, with substantial implementation probable during 1971, although recommendations involving statutory change will require a longer period of time.

Benefits: Implementation of these proposals will contribute to the "New Federalism" concepts of the President by placing greater reliance on States to carry out these programs, strengthening State capability in these program areas, and minimizing paperwork and red tape.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Greater Reliance on Private Enterprise

TITLE OF ACCOMPLISHMENT:

Expansion of Financial Resources Available to REA Borrowers
in the Rural Electrification Program

DESCRIPTION OF ACCOMPLISHMENT

Background:

During calendar year 1970, the Rural Electrification Administration of the Department of Agriculture, recognizing the limitations of their financing capabilities and the ever-increasing demands for financing assistance by Rural Electrification Administration (REA) cooperators, sought to establish a source of private financing for REA loan programs. The bringing in of private financing to the REA program as a primary source of capital would provide greater assurance to the public served by REA-financed utility systems that adequate, long-term financing would be available as required to expand and maintain high quality service.

Scope:

All loan programs for rural electric facilities.

Accomplishments:

During the last year, REA has given the highest priority attention to the modification of its electric loan policies and procedures to bring private financing into the program as a supplemental source of capital for rural electrification. With REA assistance, electric borrowers organized and established the National Rural Utilities Cooperative Finance Corporation (CFC) as the new lending organization to provide this supplemental financing. Approximately 800 REA electric borrowers are now members of the new lending organization and as of this date have provided about \$50 million in initial capital with commitments to furnish an additional \$100 million during the next two years.

Beginning in February 1971, REA and CFC will initiate a concurrent loan program to meet the financing requirements of rural electrification. In accordance with loan eligibility criteria worked out by the two organizations, about 65 percent of all REA electric distribution loans will be made on a concurrent basis with loans by CFC or some other supplemental lender. In the first year of the new program, the concurrent loans will be based on REA loans providing 90 percent of the applicant's needs and CFC or another supplemental lender the remaining 10 percent. In subsequent years, the ratio of supplemental loans to total financing requirements will increase

as the lending capability of CFC expands with the growth of its private money market operations. In the first year of the supplemental loan program it is anticipated that about \$15 million in concurrent loans will be made by CFC and that in the second year of its operations, it will make about \$50 million in such loans to supplement the REA Federal program. CFC and other supplemental lending operations are expected to grow systematically year by year to furnish an increasing proportion of the total financing requirements of rural electrification.

Benefits:

The new supplemental loan program will have the following major impacts: (1) it will materially relieve the U. S. Treasury of the need to provide funds for new capital for the REA Federal loan program to meet the tremendous future growth of rural electrification, (2) it will provide assurance to the rural people served by REA-financed electric systems that adequate long-term financing will be available for those systems as required to expand and maintain the highest quality electric service, and (3) it will place greater reliance on private enterprise and reduce the involvement of the Federal Government in commercial operations.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Greater Reliance on State and Local Governments

TITLE OF ACCOMPLISHMENT:

Rural Development

DESCRIPTION OF ACCOMPLISHMENT

BACKGROUND

The carrying out of Department responsibility in rural development, while not considered a project under the Department's Federal Assistance Review program, is, however, one which does contribute to the Administration's concept of "New Federalism." The rural development effort makes a substantial contribution to strengthening State and local Government capability to carry out economic development programs, many of which are funded to some extent through Federal grant-in-aid programs. The nature of this contribution is illustrated in the attached "Progress Report on Rural Development for Fiscal Year 1970."

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Greater Reliance on State and Local Governments

TITLE OF ACCOMPLISHMENT:

Coordinate and Integrate Federal and State Compliance
Programs for Meat and Poultry Inspection

DESCRIPTION OF ACCOMPLISHMENT

Background:

The Consumer and Marketing Service (C&MS) conducts a nation-wide meat and poultry compliance program under the Federal Meat Inspection Act and the Poultry Products Inspection Act as amended. The compliance program is designed to: (1) prevent violations of the Acts, and (2) detect and document violations that do occur. Compliance activities complement the inspection programs for fresh and processed meat and poultry carried out by C&MS in slaughter and processing plants. While the inspection programs are designed to assure that fresh and processed meat and poultry are wholesome and truthfully labeled when they leave the plants, the compliance program is concerned with preventing and detecting violations which may occur at any time or any place between the farm and the consumer.

Compliance Officers of the Program Review and Compliance Staff make on-site reviews at all types of operations that deal in meat or poultry. These include grocery stores, freezer storage plants, pet food manufacturers, truckers, etc. Special emphasis is given to frequent reviews of the operations which have the greatest potential for diverting unwholesome or uninspected meat and poultry into the human food supply.

Until the passage of the Wholesome Meat Act in 1967 and the Wholesome Poultry Products Act in 1968, Federal mandatory inspection laws covered only meat and poultry moving in interstate or foreign commerce. Inspection and compliance programs for meat and poultry distributed intrastate varied from State to State. These Acts require States to develop inspection programs for meat and poultry moving in intrastate commerce with requirements equal to the Federal interstate requirements. The Acts permit, but do not require, States to undertake compliance programs, with Federal financial and technical assistance.

Violations prevented or detected by Compliance Officers may be of Federal laws, State laws or both. Recognizing that compliance coverage can be greatly expanded with both Federal and State participation and cooperation, the Program Review and Compliance Staff has encouraged States to adopt a compliance program with

- Background: compatible laws, procedures and information systems that can be operated jointly with the Federal program and the programs of other States.
- Scope: All States (and organized Territories) can receive Federal financial and technical assistance for intrastate compliance activities, when they have a compliance program that is equal to the Federal program. The project is designed to encourage States to: (1) adopt a State compliance program, and (2) fully integrate their program with the Federal compliance program. The goal is a single national compliance program operated jointly by the Federal and State governments.
- Accomplishments: The Program Review and Compliance Staff has entered into "General Work Plan" agreements with 17 States and the Virgin Islands. Since the first agreement was signed with California, a standardized agreement has been developed. This agreement calls for: (1) the common use of facilities, computer systems, equipment, personnel and training programs; (2) technical consultation and managerial assistance, and (3) the common collection and use of information and data. Implementation is proceeding rapidly in these States. Plans call for the extension of the program to 15-20 additional States in calendar year 1971.
- Benefits: By adding State participation in compliance activities, program coverage will be expanded through more frequent and thorough compliance reviews. Consumers receive better assurance that their meat and poultry purchases are wholesome and truthfully labeled. Integration of Federal and State compliance activities reduces costs and promotes efficiencies of mutual benefit to both programs. Federal financial and technical assistance, training and other cooperation assist the States in building and strengthening their compliance programs.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Greater Reliance on State and Local Governments

TITLE OF ACCOMPLISHMENT:

Enter into Agreements with Six States to Provide for State Operation of Commodity Distribution Programs for Households

DESCRIPTION OF ACCOMPLISHMENT

Background:

The Commodity Distribution Program for Households was established in 1967 for the 1,000 counties with the lowest per capita earning ratios. It was intended to aid the families within the respective counties by providing supplemental foods. It was found that about 300 of these counties had no previous assistance programs. Where possible, the Commodity Program was implemented through previously existing structures. Of the 300 counties with no previous assistance programs, approximately 50 were unable to operate their own programs. The Federal government undertook operation of the Commodity Program in these counties. All but 17 of these 50 counties are now under State operation.

The purpose of this project is to convert these Federally-operated programs into State programs.

Scope:

Seventeen counties in six States having Federally-operated Commodity Distribution Programs for Households.

Accomplishments:

The State of Texas converted 18 programs last June. The goal is to have the remaining 17 programs in six States converted by the end of FY-1971. This is to be accomplished by:

Encouraging States to take over Commodity Distribution Programs to Households in those areas now operated by the Department (17 programs).

Continued utilization of equipment procured by the Department in the operation of Commodity Distribution Programs to Households.

Improving and expanding State-operated Commodity Distribution Programs to Households.

The agreements are being coordinated by the Director, CD. All requests for equipment and recommendations on locations are routed through the Regions to his office.

Benefits:

The responsiveness of these locally implemented programs will be enhanced by local control.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Greater Reliance on State and Local Governments

TITLE OF ACCOMPLISHMENT:

Increased State and Local Responsibility for Administration of Child Nutrition Programs

DESCRIPTION OF ACCOMPLISHMENTBackground:

Prior to Public Law 91-248, enacted in May 1970, it was established that the cooperatively administered child nutrition programs were inadequate to the task of effecting feeding of needy students. P.L. 91-248 embodies both a renewed legislative emphasis on "hunger" and the realization that local units of government are best able to resolve the dilemma. P.L. 91-248 provides that State agencies and school districts be responsible for program implementation and that local schools under the guidance of State agencies and USDA be specifically responsible for:

1. Publicly announcing policies on providing free and reduced price meals for needy students,
2. Supplying applications for such lunches to parents of school children, and
3. Setting up appeal procedures for parents to follow if free or reduced price meals are denied.

In addition, new responsibilities were created and placed on the States as follows:

Submit biannual estimate of needy children on school-by-school basis;

States develop annual plans for child nutrition operation, detailed plans for program to needy schools and service institutions under special food services program;

States can with approval of Secretary transfer funds from program to program;

Revised matching grant formula on a progressive basis from 4 percent to 10 percent with 2 percent annual increase. Prior to PL 91-248, the matching requirement was not standardized.

Scope: Child Nutrition Programs - School Lunch, School Breakfast, Special Food Services, all of which are administered jointly by the Federal and State governments.

Accomplishments: Under the revised regulations, schools must submit policy statements for State Agency or Regional Office approval not later than the end of the calendar month after the month they begin participating in the programs. In addition, by January 1, 1971, all schools must adhere to minimum poverty guidelines prescribed by the Secretary for determining eligibility for free and reduced price lunches. State agencies annually must submit State Plans of Operation for Child Nutrition, and they may ask for transfer of funds between programs any time thereafter.

Benefits: Program will reach more needy students. The needs of students will be better evaluated and thus program can be directed to meet these needs. Local control of the program will enhance responsiveness.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Decentralization to Federal Field Offices

TITLE OF ACCOMPLISHMENT:

Conform USDA Field Unit Boundaries with Those of the Federal Regional Councils

DESCRIPTION OF ACCOMPLISHMENTBackground:

The President has announced as his ultimate goal the establishment of uniform boundaries and field office locations for all social and economic programs requiring interagency or intergovernmental coordination. Field organizational structures of Agriculture programs were reviewed to determine (1) factors on which current field structures were based, and (2) what adjustments would be reasonable to make to conform to Regional Council boundaries. At the time the review was initiated in 1969, the Department's programs operated through 84 separate field structures of which 32 involved regional structures. Program operations are highly decentralized, with 93% of the some 21,000 offices being at state or local levels, the remainder being regional or national in scope.

Scope:

Analysis was made of each of the 84 separate field structures and associated programs. The objective is to determine what realignment of these structures would be feasible to achieve uniformity with Regional Council boundaries; also where our structures include both regional and state -- is there a need for both?

Accomplishments:

While most Agriculture programs have some relationships to those of the Departments which are members of the Federal Regional Councils, the programs of the Food and Nutrition Service will apparently involve significant coordination with the programs of those Departments which are members of the Federal Regional Councils. Accordingly, it has been decided that regional boundaries of the Food and Nutrition Service shall conform with those of the Federal Regional Councils, although the number of regions of the Food and Nutrition Service will be less than the 10 Council Regions. Action is now underway to establish a Food and Nutrition regional headquarters at Philadelphia, Pennsylvania, which will enable adjustment of the boundaries of the F&NS regions in the East to those of the Federal Regional Councils. This adjustment

Accomplishments: is expected to be completed by July of 1971. Adjustment in other regional boundaries is expected to be complete by July, 1972. It is also planned that there will be at each regional council headquarters either a Food and Nutrition Service regional headquarters or a F&NS regional representative.

The Plant Protection Division of the Agricultural Research Service has realigned its 5 regional offices to conform with those of the Federal Regional Council boundaries. The Division has also reduced its number of State offices as part of an effort to strengthen regional direction.

The present seven regions of the Office of the Inspector General are under review to determine the feasibility of realignment thereof to conform with the Federal Regional Council boundaries. A primary factor involved is working relationships with the Food and Nutrition Service. A decision is expected to be made during 1971.

Other Agriculture programs operating with regional structures do not involve significant coordination requirements with those agencies designated as members of the Federal Regional Councils. However, because of the broad range and geographic dispersal of Agriculture programs generally, a continuing review will be made to determine the most effective means for coordinating Agriculture field programs with those of the Federal Regional Council member agencies.

Benefits: Improved coordination at regional and field level with programs of those Departments who are Regional Council members.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Decentralization to Federal field offices

TITLE OF ACCOMPLISHMENT:

To determine and establish the most effective field office structure for serving rural and urban communities

DESCRIPTION OF ACCOMPLISHMENT**BACKGROUND:**

In August 1970 a Task Force initiated a study of the existing staffing and organizational pattern for agencies of the Department whose operations are carried out largely through local or county offices. The objective of the study was to develop criteria for determining optimum geographic area, organization and staffing of local offices so as to provide the most effective field office structure for serving rural and urban communities. It was expected that implementation of the criteria would result in improved services to the public.

SCOPE:

The present number of offices in the 4 agencies involved in the study is:

Agricultural Stabilization & Conservation Service	2,902
Extension Service	3,150
Farmers Home Administration	1,725
Soil Conservation Service	3,017

ACCOMPLISHMENTS:

The study found that the trend toward larger and fewer farms, increased numbers of city residents buying small tracts for rural homes, and trends in the economy and population had a similar impact on all the agencies. The four agencies reported that as a result of these changes, the type of requests for services was changing; many of the landowners were no longer in residence in the county, and the increasing numbers of part-time, "hobby" and absentee landowners had changed the traditional way of reaching these people. There is a further need for common housing, so that people who travel longer distances can get the information they need at one location without the necessity of having to go to more than one building, or even to another town, which is now the situation in some cases. Due consideration must be given to a maximum distance or travel time that the majority of the recipients of the agencies' service should be expected to travel.

ACCOMPLISHMENTS: Consideration also has to be given to the kinds of expertise needed in rendering a complete service to the rural and urban communities. If the type of services are of such volume and kind that the answers to the problems presented continually exceed the competence of the local resident staff, consideration has to be given to positioning and composition of specialist staff.

The study developed that the following factors are the most significant in the development of organizational structure and staffing criteria:

- | | |
|----------------------|--|
| Work Load | - Determination of work load by some realistic system which can be consistently applied to similar situations. |
| Staffing | - Staffing guides based on work load upon which a determination of the numbers and kinds of staff needed at a given location or level can be based. |
| Access | - Location of offices in relation to the public served should be such that clientele are, generally, within one hour's drive or 45 miles of the office. This will be influenced by the kind of service being furnished and whether to a group or to individuals. |
| Communications | - Maximum feasible use should be made of radio and telephone services including such innovations as telephone answering services, toll-free telephone service from clientele to agency offices, mobile radio units, and the like. |
| Facilities | - County or local offices of all USDA agencies should be housed together in the same building wherever feasible, so as to provide one-stop service for clientele. |
| Geographic Area- | Boundaries of local units should coincide with those of state planning groups wherever feasible. |
| Judgment
Criteria | - Atypical situations will be encountered in which judgment and experience will be the only guide. |

These criteria have now been provided to the four agencies involved with a direction to develop required work load systems, staffing guides, and agency criteria for field office structure consistent with the foregoing. The agency head is to develop an action plan for restructuring of agency field organization with the cognizant Assistant Secretary or Program Director. Progress towards a planned restructuring of field offices will cover several years. However, adequate data to apply the criteria already exists in some program areas which will permit some progress in restructuring of field offices during 1971 and 1972.

BENEFITS:

The primary benefit will be to the public served in assuring that a most efficient and economical field office structure is established for providing Department of Agriculture services to the public.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Decentralization

TITLE OF ACCOMPLISHMENT:

Increase in Delegations of Authority to Develop and Install Engineering Plans

DESCRIPTION OF ACCOMPLISHMENT

Background:

250 engineering plans for watershed projects were approved in 4 SCS Technical Centers annually before SCS State Offices were established and this practice was continued because State Offices did not have engineering capability.

Scope:

Engineering plans for 250 watershed projects each year.

Accomplishments:

Approval of engineering plans at SCS Technical Centers took 3 to 4 weeks because of volume. A survey of State Offices indicated they had developed engineering capability. Authority to approve engineering plans was delegated resulting in a saving of 2 to 3 weeks' time.

Benefits:

Groups sponsoring watershed projects get engineering plans approved 3 weeks faster. This speeds up the decision-making project process as the requesting group, when they receive the engineering plans, can quickly decide whether they have the resources available to proceed with the project.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Decentralization to Federal Field Offices

TITLE OF ACCOMPLISHMENT:

Transfer Procurement Functions from Washington

DESCRIPTION OF ACCOMPLISHMENTBackground:

Prior to July 1970, contracting functions for purchases of corn-soya-milk for donation purposes were performed by Agricultural Stabilization and Conservation Service commodity divisions in Washington. There are approximately 3,300 purchases of corn-soya-milk costing \$25 million approximately annually. Two man-years have been required.

Scope:

The contract awarding responsibilities involve issuance of press releases, announcements, invitations, and awarding of bids to vendors.

Accomplishments:

The contracting and procurement responsibilities for purchasing corn-soya-milk for donation purposes were decentralized in July 1970 from Agricultural Stabilization and Conservation Service divisions to the ASCS commodity office in Minneapolis, Minnesota.

Benefits:

The purchasing and contracting operations are facilitated by the inventory management operations already carried out in the field office, thus improving service to the trade.

**FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971**

REVIEW CATEGORY:

Decentralization

TITLE OF ACCOMPLISHMENT:

Delegation of Public Information Program to State Offices

DESCRIPTION OF ACCOMPLISHMENT

Background:

Informational activities had been carried out by a few specialists at each of 4 Regional Technical Service Centers with direction and guidance from Washington. The specialists could not keep abreast of the need for information activities at State levels.

Scope:

Field information activities of SCS.

Accomplishments:

In November 1969 State Office employees were assigned information activity responsibility to better stimulate the general public and special groups with which the Soil Conservation Service works toward conservation action and to inform them of SCS activities and programs.

One additional information specialist has been added at the State level in 1970.

Benefits:

The general public, farmers and landowners.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Decentralization to Federal Field Offices

TITLE OF ACCOMPLISHMENT:

USDA Participation in Federal Regional Councils

DESCRIPTION OF ACCOMPLISHMENTBackground:

A significant component of new Federalism concerns the formation of Federal Regional Councils to provide for greater coordination of related Federal programs and for closer and more consistent dealings between Federal agencies and State and local governments. In June of 1969 the Department established the chairmen of USDA State Administrative Committees as the official liaison with the Federal Regional Councils. The chairmen of the Federal Regional Councils were advised of this designation, with the suggestion that they contact these chairmen whenever they needed assistance from Agriculture. As a part of the USDA Federal Assistance Review a project was undertaken to determine the effectiveness of this liaison arrangement and recommend whatever changes appeared appropriate. The review revealed that the present arrangement has been ineffective. Accordingly, the task group recommended, and the Department accepted the recommendations, that the Department designate a USDA official presently located in the vicinity of each Federal Regional Council headquarters city to maintain liaison with the Council.

Scope:

The Task Group set out to answer several questions relating to USDA and the Federal Regional Councils. Primarily they were (1) What are the Councils concerning themselves with that may be of interest to USDA? (2) Should USDA be providing assistance to the Federal Regional Councils? Or is the FRC getting the services out of USDA that they need? (3) If services are needed or being provided, are they relatively simple to obtain? (4) What does the FRC think of the current USDA liaison with the Regional Council and what would they recommend in regard to USDA participation?

Accomplishments:

The Secretary has designated Mr. James Lucas, Regional Forester, Forest Service, Denver, as his liaison with the Denver Federal Regional Council. Designations of liaison officials to other Federal Regional Councils are being processed.

Benefits:

Strengthened coordination between agriculture programs and those of the Federal Regional Council agencies.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Interagency Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Interagency Study of Administrative Requirements of Federal Grant Programs

DESCRIPTION OF ACCOMPLISHMENT**Background:**

An interagency study group was formed with representation from the Departments under the chairmanship of the Office of Management and Budget. The study group had some 1,500 questions concerning administrative requirements that were to be answered by program administrators during personnel interviews. A computer program was developed and used to compare answers and was the basis for initiating action toward standardizing requirements.

Scope:

The purpose of the study is to eliminate, simplify, and/or standardize the requirements placed upon grantees by Federal agencies.

Accomplishments:

This Department has had two representatives on the study group since its inception. They participated in the formulation of plans on conducting interviews and review of requirements.

These men conducted the interviews with program administrators of sixteen programs that were considered to be representative of the programs in the Department.

Working with other members of the study group they have reviewed administrative requirements, and on the basis of reviews, research and interviews, have helped formulate tentative recommendations for presentation to the Study Group.

The Department's representatives also serve as a liaison for other members of the study group desiring information or interviews with agency people.

After tentative recommendations have been developed, they are reviewed with agencies in the Department for their informal comments. Final recommendations are then sent Department heads for formal comment preparatory to issuance of OMB directives.

The above describes the Department's participation in the project. A full report of the interagency study and programs, to date, will be made by OMB.

Benefits:

Implementation will eliminate, simplify, and/or standardize the requirements placed upon grantees by Federal agencies.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of
Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Simplify Processing Requirements of Grant, Loan
Cooperative Agreement, and Technical Assistance Programs

DESCRIPTION OF ACCOMPLISHMENT

Background:

The Department of Agriculture utilizes grants, loans, cooperative arrangements and technical assistance in the delivery of its program services. A Department-wide project was undertaken to meet the President's directive that ". . . every step in each process should be examined with a view toward elimination if at all possible. Those which cannot be eliminated should be simplified in any way possible." Using flow charting and analysis procedures prescribed for Department-wide application, a review was made of 67 different Department programs to identify possibilities for simplifying procedures and processes for delivery of these services. A follow-on action program was undertaken to achieve simplification.

Scope:

All assistance programs of the Department were included.

Accomplishments:

A Department-wide analysis of assistance programs resulted in:

Number reviewed	67
Number involving significant processing effort	37
Improvement of procedures in	10
Reduction in processing time in	13
Time-saving delegation of authority in	9
Additional improvement, programmed in	1
No improvements are feasible in	17
Deleted as not involving "processing"	30

These are some noteworthy improvements:

Under the Rural Housing-Individual Loan Program, owners of farm and non-farm tracts in rural areas may receive loans for obtaining or improving their homes. Applications for non-farm loans are reviewed at the county, district, and State levels before they can be approved. As of January 8, 1970, one step in this review process, the appraisal of the applicant's property, has been delegated from the district to the county supervisors. Total processing time has been reduced from 35 to 21 days,

or 40 percent, as a result of this delegation. In addition, three forms previously required of applicants have been replaced by a single form which is used for 90 percent of the applications. Nearly 67,000 loans were made in 1970 under this program.

When a natural disaster causes severe property damage or crop losses, farmers and ranchers may obtain assistance through the Emergency Loan Program of the Farmers Home Administration. In fiscal year 1970, 12,778 emergency loans were made totalling \$89,257,100. Normally, approval of loans to individuals must be preceded by the designation by the Secretary of an entire county as a disaster area. Under procedures adopted in June of 1970, State Directors were authorized to direct the receiving of emergency loan applications in non-designated areas when the number of those needing emergency loans in a county is estimated to be 25 or less. As a result, processing time in such cases has been reduced from 60 to 30 days, or 50 percent. There were 465 loans processed under this revised procedure during fiscal year 1970.

Under the Rural Rental Housing Loan Program, loans are made to private non-profit corporations and consumer cooperatives to provide modest cost housing for low and moderate income residents in rural areas. Twenty direct loans and 490 insured loans were made in fiscal year 1970 to provide housing for approximately 3,000 families. Authority to approve such loans at State and lower levels was generally increased from \$60,000 to \$200,000 in 1969. This has resulted in an average reduction in processing time per loan from 50 to 36 days, or 28 percent, for some 100 loans in fiscal year 1970 that heretofore would have had to be approved at agency headquarters. The borrowers and ultimately other residents waiting for housing, benefit by this speedup in delivery of services.

Under the Rural Environmental Assistance Program, of the Department of Agriculture the Federal Government shares the cost with the participant for special high-priority conservation projects. These projects benefit participating farmers, ranchers, and woodland owners, as well as the communities in which projects are implemented. About 450 special projects in over 400 counties were approved in fiscal year 1970, at a cost of nearly

\$6 million for the Federal share. Authority to approve special projects was delegated from the national office to State Committees in December 1969. Total processing time has been reduced from 63 to 53 days, or 16 percent, as a result of this delegation.

Local health facilities and other agencies applying for participation in the Supplemental Food Program are no longer required to submit detailed plans of operation to the Food and Nutrition Service. Starting in 1969, FNS gave renewed emphasis to have States submit consolidated plans of operation for all counties and facilities applying to participate in the Supplemental Food Program. Sixteen of 38 States have chosen to use this procedure. It involves the preparation of a State plan, and developing of an agreement and addendums for each county or facility within the State in the program. About 7 pages are involved in the State plan, 3 in the agreement, and 2-3 in each county or facility addendum. Preparation time is 7 days for the first two, 2-3 days per county or facility addendum. The total time for the entire State consolidated application process is reduced from 70 to 30 days - a reduction of 57 percent. Twenty-two States still prefer to continue with the old system of having each county or facility submit its plan of operation, including an agreement.

Forestry research grants are being approved 16 days earlier by elimination of two reviews and approvals at the national level. Authority to award grants has been delegated to the directors of 10 regional research stations.

The Rural Electrification Administration has streamlined its loan document. Its centralized review process has been simplified and time requirements reduced. Required engineering support has been revised to make it more flexible and adaptable to individual situations.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Standard Research Agreement with States and Universities

DESCRIPTION OF ACCOMPLISHMENT

Background
and Scope:

Some 52 different programs of the Department of Agriculture involve the execution of agreements with States and universities to carry out research programs. These may involve arrangements such as grants, contracts, and cooperative agreements. Some 6,000 of these arrangements are in effect. There are many variations in the administrative and fiscal requirements between programs. The objective of this project is to standardize these requirements.

Accomplishments:

Excluding formula grants, there are now more than 3,200 grants, contracts, agreements, and memorandums of understanding for research projects with universities involving Department programs. A study group seeking possible standardization of the fiscal and administrative requirements of these arrangements found that fiscal requirements of some Agriculture program agreements resulted in the universities having to establish special accounting procedures. For example, the agency's form which the university used to submit its billing for services performed did not lend itself to use of computer-prepared invoices. Cost sharing arrangements were required for categories of cost that were not compatible with the universities' cost accounting system even though their system met accepted accounting standards. Administrative requirements varied as to accountability for property, reports to be submitted, records to be maintained, and the like. These requirements were often buried in "boilerplate" provisions and in some agreements would be found in the specifications of the project.

A long step toward eliminating the confusion of requirements has been taken by developing and prescribing a single set of general provisions to be used Department-wide in all grants, contracts, and agreements for research with universities. These provisions have been developed in consultation with university representatives and program officials. These provisions have been published so that any grant, contract, or cooperative agreement may now include these provisions by reference. This means that the agreement document will be more readily understood since it will deal principally with those matters having to do with how we agree to carry on the research work. The effective date for use of these standard research agreements was January 1, 1971.

Regulations have been promulgated requiring that fiscal requirements of these agreements be compatible with the university's accounting processes. Further, it is now required that authority to execute these agreements be delegated to the lowest practicable level enabling the research director on the ground to enter into these agreements using these standard fiscal and administrative requirements with a minimum of administrative effort.

Benefits:

The university will benefit by having one standard process for doing business with all USDA agencies involving research activities.

**FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971**

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Simplified Pre-loan Requirements for Borrowers in the Rural Telephone Program

DESCRIPTION OF ACCOMPLISHMENT**Background:**

In the rural telephone program during the second year of the FAR effort, the Rural Electrification Administration (REA) took action to simplify loan applications and associated engineering studies for financing system improvements and extensions to existing telephone systems.

Scope:

These changes were designed to give greater flexibility in adapting required preloan data and engineering studies to the circumstances of a particular application and to reduce the complexity of submissions and the cost to borrowers wherever possible.

Accomplishments:

The established requirement for systemwide engineering studies as part of a loan application was modified to provide that such studies are necessary only for the telephone exchange areas covered by the loan application.

In another engineering simplification, the scope and format of complete area coverage designs, when required by the circumstances of loan proposals, was limited to the requirements of the specific types of facilities included in such loans. This change permits an applicant to have his engineer limit the engineering study to the essentials for that loan and thereby reduce his costs for submitting a complete application.

A simplified loan application format for submitting subscriber forecast data and facility cost estimates was made applicable to a larger number of applications covering system improvements and extensions.

Under the former procedure requiring the systemwide engineering studies, and the previously used loan application format, the average cost was estimated at approximately \$6 per subscriber. With the modified pre-loan system study requirement and the new loan application format, the average cost for pre-loan engineering studies is estimated at \$2 per subscriber. The loan program in the previous three years has averaged approximately 230-250 loans per

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

**Reducing the Number of and Simplifying the Reports Required
From State and Local Participants in Food and Nutrition
Programs**

DESCRIPTION OF ACCOMPLISHMENT**Background:**

State and local government instrumentalities have become increasingly critical of the increasing number and complexity of the reports required by their participation in Federal programs. These criticisms were concerned with the fact that funds which might otherwise have gone to eligible recipients were necessarily used for overhead purposes in keeping records and providing data which were of doubtful value for management and control purposes.

The Food and Nutrition Service (FNS) of the USDA operates the Food Stamp Program, Special Milk Programs, Child Nutrition Programs, and the Commodity Procurement Program. As a part of an overall management review of their programs, the FNS initiated a study of the data requirements for each of their programs. The objective is to correlate the separate reporting systems in the agency so as to eliminate duplication of reporting effort, reduce the record keeping and reporting requirements to a minimum, and enable the use of a computerized reporting system. A corollary objective is to enable the processing of reports and data in a more timely fashion.

Scope:

All reporting systems and reporting requirements for all FNS programs are being reviewed at Federal, State, local government and client levels.

Accomplishments:

FNS, using the most recent annual inventory of reports, which indicates the number, kind, and character of reports required from States, local governments, and clients, has to date eliminated two report requirements on States, as follows: In the Food Stamp program, the requirements on States for two separate monthly reports has been reduced to one. The data required in the one report is utilized in a computer system to serve all of the Food Stamp program requirements. A semi-annual report, formerly required from States, is now projected from data about the number of Food Stamps issued. This, too, was formerly required from all States.

Accomplishments: In each of the commodity programs of FNS, reviews are being made with States and local governments to determine the needs for present reports, the timing of those required by the agencies as related to reports the State and local governments may have laid on them in their own organizations, and the simplification of reporting requirements.

In addition to normal informational requirements, reporting offices now provide the Washington central offices with selected partial data or part-month data. These figures are used to make rapid distribution adjustments of resources as directed by the demand indicators. Thus, the responsibility and adaptability of program and program resources are enhanced.

Benefits: Streamlining reporting procedures and requirements is expected to improve FNS's deliveries of services. Quick reporting and increased use of correlated data enables more economical and efficient use of resources.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and
Procedures

TITLE OF ACCOMPLISHMENT:

Delegation of Loan Approval Authority

DESCRIPTION OF ACCOMPLISHMENT**Background:**

Through Farmers Home Administration (FHA) programs, assistance is given to qualified farm operators to develop soil and water resources through the Soil and Water Individual Loan Program. Assistance is also provided to eligible farmers and ranchers to establish them as owner-operators of family farms through the Farm Ownership Loan Program. Two separate reviews by county committees (local farmer committees) of applications under these two programs were required, one for eligibility and the other for amount. These reviews were considered for consolidation into a single review. Consideration has also been given to increased delegation of loan approval authority from the Washington level to the District and County Supervisors.

Scope:

Some 1,000 loans are made annually under the Soil and Water Individual Loan Program; about 11,500 loans are made annually under the Farm Ownership Loan Program.

Accomplishments:

Under the Soil and Water Individual Loan Program increased loan approval authority was delegated to District and County Supervisors in April 1970. A processing change provides for determinations of eligibility and certification by County Committee to be combined into a single report. These changes have enabled a reduction in processing time of loan applications from 30 to 20 days, or 33 percent.

A similar approach is being taken to the Farm Ownership Loan Program. Increased delegations of authority have been made for loan approval to District and County Supervisors. Changes in processing requirements by County Committees are under consideration.

Benefits:

Borrowers under these programs receive improved service through speedier action on loan applications. Administrative costs of County Committee operations are reduced.

**FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971**

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and
Procedures

TITLE OF ACCOMPLISHMENT:

Reduce Processing Time of Loan Applications

DESCRIPTION OF ACCOMPLISHMENT

Background: The Farmers Home Administration (FHA) provides assistance to farmers and rural residents in obtaining loans under a number of different programs. Several of these loan programs involve title clearance. Only one attorney in each county has heretofore been designated to clear titles. This contributed, in part, to a delay for borrowers in that title clearance could not be obtained if the one attorney was not available.

Scope: Some 12,500 loans are made annually which require title clearance.

Accomplishments: A procedural change now requires a minimum of two and in some counties four designated attorneys.

Benefits: Borrowers are now able to obtain prompt title clearance services, having access to several designated attorneys.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Increase Cotton Loan Redemption

DESCRIPTION OF ACCOMPLISHMENT

- Background : Cotton price support loans are made directly to cotton producers or to producer members of a cooperative marketing association. In disposing of loan cotton, a producer who has not obtained his loan as a member of a cooperative marketing association may repay his loan directly to the county offices, may sell his equity in the cotton under loan, or he may elect to forfeit his cotton to CCC. Prior to August 1969, a producer was not permitted to pool his cotton with other producers for marketing unless he was a member of a cotton cooperative marketing association.
- Scope : Changes in the regulations were made permitting producers who have obtained direct loans to sell cotton loan equities at a set price, the buyer to redeem later. Agents who purchased cotton from producers were given more time to repay the loan, from 7 days to 30 days, and to pool producers' cotton for marketing.
- Accomplishments : 900 thousand loans were repaid for the 1969 crop, totaling about \$90 million as compared to 303 thousand loans totaling about \$30 million.^{1/} This results in an increase of about \$60 million in repayments or about twice the amount over the previous year before the regulations were revised to facilitate loan repayments. The results on repayments for the 1970 crop will be available later.
- Benefits : The benefits of the revised regulations are:
1. Marketing costs have been reduced for producers.
 2. Cotton loan redemptions have been expedited.
 3. Cotton is moving more freely in trade channels.
 4. Government acquisition of surplus cotton has been avoided including maintenance and government interest costs.

^{1/} For the 1968 crop.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Earlier payments to cotton, feed grain, and wheat farmers under acreage diversion programs

DESCRIPTION OF ACCOMPLISHMENT

Background:

Early in 1970 Agricultural Stabilization and Conservation Service embarked on a high priority assignment to speed up cotton, feed grain and wheat payments to farmers in the light of the extreme financing problem faced by them, i.e., (1) no advance payments as in previous years and (2) unusually high cost of financing.

Scope:

In the first 6 months of 1970 speedup reporting procedures were coupled with systems for computer processing of payments to farmers under acreage diversion programs. The system was geared so that most of the payments were made to farmers in July 1970. In the past farmers waited until after September 1 for a large share of their payments.

Accomplishments:

Streamlined procedures enabled nearly 3 million farmers to receive the entire \$3.3 billion payments due them for the 1970 wheat, feed grains and cotton program six to eight weeks earlier than ever before and in a single full payment rather than piecemeal.

Benefits:

This helped many farmers to meet financing problems without having to borrow at high interest rates. Savings in time and money for the administration of the program payments also were brought about. The new system was so successful that it was included in the Agricultural Act of 1970.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Administrative and Legal Constraints Removed

DESCRIPTION OF ACCOMPLISHMENT**Background:**

As federal programs mature, there are constraints placed on program administrators in terms of controls, regulations, clearances, reports, and the like which inhibit program processes. These constraints are likened to administrative underbrush which must be periodically cleared out in order to assure delivery of services to the public with a minimum of red tape. Accordingly, this project was undertaken in 1969 and 1970 to examine the administrative processes of every program of the Department, identify administrative constraints, and take action to remove those considered unnecessary.

Scope:

All programs of USDA.

Accomplishments:

Headquarters and field managers were asked to report those requirements imposed on them which, if removed, would enable their job to be done better and faster and improve service to the public. Some 139 such constraints were reported to Department headquarters. Agencies of the Department received and disposed of some 300 additional reports of constraints applicable only within the agency.

The following chart shows the status of action on reports to Department headquarters.

<u>Constraints Imposed by:</u>	<u>No. Reported</u>	<u>No. Removed</u>	<u>No. Continued</u>	<u>No. Under Consideration</u>
1. Dept. Regulation	70	28	37	5
2. Agency				
Regulation	33	19	6	8
3. Other Federal				
Agency	23	2	10	11
4. Law	<u>13</u>	<u>1</u>	<u>6</u>	<u>6</u>
Totals	139	50	59	30

Accomplishments: The Department has raised its maximum limit for acquisition of properties requiring headquarters approval. Dollar limitations on field contracting authorities have been raised allowing agencies to re-evaluate their standards and delegate this authority to the lowest possible level.

Responsibility for the staffing of certain state offices, and authority to assign, transfer and promote to all positions in accordance with established qualification standards has been delegated. This action will remove these controls and processes to the state offices.

Delegations of authority to issue certain regulations and subpoenas have been made from the Secretary to agency administrators in selected areas where this action will remove administrative red tape and facilitate the work of the agency and its regional directors.

Reports of information no longer serving a useful purpose have been cancelled. In those instances where information is still necessary, reporting requirements have been reviewed and reformed to center only on the essential and to simplify the process.

Some constraints are imposed by other Departments of government. Each serves a need of that department but in many cases, is imposed without due consideration of its impact on the ability of the field program manager to operate effectively. Eleven such reports of constraints were referred to other departments for consideration. Two other such constraints were eliminated.

With the sheer volume of laws and regulations with which a program manager must be familiar, it is to be expected that some of these will be misunderstood. A review such as this is worthwhile if these misunderstandings are brought to light and cleared up. For example, an agency reported that they could not transfer personal property between eligible grantees even though this would be the practical thing to do. A legal opinion was obtained which showed the agency interpretation to be in error and enabling the desired transfers of property to be accomplished.

Certain of the legal constraints are of the type which met a specific need at the time of enactment of the law. However, in the light of current requirements and changing times, these legal constraints may need modification or may no longer be needed. Six of these are now under consideration; one has been eliminated.

Benefits:

Constraints imposed by Department and agency regulations would individually not be of serious consequence but in total represent a host of irritating restrictions on the authority of field managers. Their sheer number appearing as they do in every administrative functional area results in a reluctance on the part of field managers to act fearing that some rule may be violated. Reducing the number to a comprehensible set of reasonable controls is a valuable contribution to streamlining program processes. A total of 47 of 103 reported constraints were removed by Department action with eight still under consideration. Agencies removed some 60 others.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Initial Study of Rural Housing Loan Processing Procedures

DESCRIPTION OF ACCOMPLISHMENT**Background:**

The Farmers Home Administration recognized that their loan procedures had been established some years ago. When flow charting of these procedures was required by the Federal Assistance Review effort last year, the agency's attention was necessarily focused on the out-of-date and cumbersomeness of its procedures. The agency determined that a review was needed of all of its loan procedures. It began with the Rural Housing Loan Program. The purpose of this program is to provide loans to rural residents to enable them to purchase housing that is appropriate to modern day living.

Scope:

The study was made of all aspects and steps involved in the Rural Housing Loan Program.

Accomplishments:

1. Packaging concept, effective 10-1-70.¹
2. Commercial credit reports, effective 10-28-70.²
3. Conditional commitments, effective 2-6-70.³
4. Elimination of at least one county committee meeting, effective 10-1-70.⁴
5. Consolidation of Forms FHA 410-1, "Application," FHA 431-3, "Family Budget," and FHA 410-2, "Supplement to Application," into one form, FHA 410-4, "Application for Rural Housing Loan," effective 6-24-70.
6. Consolidation of Form FHA 400-2, "Equal Opportunity Clause," into Form FHA 400-1, "Equal Opportunity Agreement," effective - has been cleared by OGC and is now routing through loan divisions - target date of 2-1-71.⁵

Additional accomplishments expected are:

1. Consolidation of Forms FHA 426-1, "Valuation of Buildings," FHA 422-8, "Appraisal Report," and FHA 444-10, "Information on Property (Rural Housing Nonfarm Tract)," effective target date 3-15-71.⁶
2. The establishment of monthly payment promissory notes which will eliminate supplementary payment agreements and provide operating benefits to the Finance Office, effective target date 3-1-71.⁷
3. Revision of Form FHA 424-6, "Construction Contract," to allow for a checkoff and eliminate the need for typing lengthy contract payment options, effective target date 3-1-71.⁸

Attached are a copy of the Study and the goals set by FHA.

Benefits:

Borrowers, builders benefit through simplified forms, procedures, elimination of reviews and dealing with Federal field offices which have been delegated authority to approve their applications and loans. Language problems in certain locations have been eliminated by printing forms in Spanish and assigning Spanish-speaking employees to these locations.

See Attachment A for footnotes.

Footnotes

- ¹In September 1970, FHA developed the "Packaging Concept" to provide instructions to builders, developers, and others who may want to package applications for rural housing loans for submission to FHA County Supervisors. A guide which explains and illustrates the packaging concept was published and distributed to builders. Under this concept, the packager will provide FHA with the completed application, verification of employment, information on property (aids in the appraisal function), and dwelling specifications or option to purchase property. Submission of this package relieves the county supervisor from performing certain basic loan processes. His duties then begin with ordering a credit report and scheduling the appraisal.
- ²Also, in September 1970, FHA joined with various other governmental agencies for use of Federal Housing Administration's (HUD) credit report contract sources. Beginning around December 1970, county and assistant county supervisors will be able to order credit reports on loan applicants. It is estimated that credit bureaus will furnish reports within eight days. This procedure will not only offer relief to the county supervisor, but will result in a substantial savings in processing time for applicants who have recently moved from another area.
- ³FHA recently put into effect a new housing commitment authority which will encourage builders and developers to build housing on a volume basis. This should provide for a wide selection of homes to more efficiently meet the housing needs of rural families.
- ⁴At the time the loan dockets were reviewed, every case had to go before the county committee at least twice. On the first trip the county committee made a tentative certification as to the applicant's eligibility. On the second trip, after the loan docket was assembled and the appraisal made, the county committee certified the amount of the loan.

However, with the advent of the packaging concept and credit bureaus, all information preliminary to the committee meeting will be obtained within 15 to 30 days. Loan dockets can then be presented to the county committee for its certification as to the applicant's eligibility and the amount of the loan at the same time. This procedure will eliminate the need for scheduling the loan proceedings through two committee meetings.
- ⁵At the time of review, there were four equal opportunity forms necessary in loan dockets under the construction method. Administration Letter 797(400) and the related forms on equal opportunity in FHA construction contracts are being revised. Form FHA 400-2, "Equal Opportunity Clause," is being obsoleted and its provisions incorporated into Form FHA 400-1, "Equal Opportunity Agreement," and Form FHA 424-6, "Construction Contract."

- ⁶Current procedures require completing Forms FHA 426-1, "Valuation of Building," Form FHA 422-3, "Map of Farm," and Form FHA 422-8, "Appraisal Report." All forms are currently prepared coincident to the appraisal form and are six pages in detail. Action is underway towards consolidation of the "Appraisal Report," "Valuation of Building" form, and the "Information on Property (Rural Housing Nonfarm Tract)," Form FHA 444-10.
- ⁷Form FHA 440-16, "Promissory Note (Insured Loan)," stipulates annual installments. Forms FHA 440-9, "Supplementary Payment Agreement," are necessary to convert loan payment arrangements to a 10- or 11-month payment plan. Most individual housing loans provide for the supplementary payment. The combined annual installment, promissory note, and supplementary payment agreement tend to confuse borrowers who are well acquainted with monthly payments. The use of monthly payment notes will result in elimination of the supplementary payment agreements and provide other operating benefits to the Finance Office. FHA will proceed with developing a monthly payment housing note soon.
- ⁸Form FHA 424-6, "Construction Contract," requires the manual typing of one of three lengthy options that will be used to make payments. Revision of this form is underway to allow for a checkoff and eliminate the need for typing.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and
Procedures

TITLE OF ACCOMPLISHMENT:

Use Private Realtors or Management and Leasing of Rental
Housing Units Acquired by the Government

DESCRIPTION OF ACCOMPLISHMENT**Background:**

When the Farmers Home Administration (FHA) acquires rural housing either by foreclosure or by voluntary conveyance, it has sold or leased and managed such housing using its own personnel. 184 rural properties were acquired by FHA in 1969 calendar year by foreclosure or voluntary conveyance. 97 of these were sold by FHA. The balance of 87 were leased and managed by FHA at a cost of approximately one man-week annually. It is these latter properties that FHA plans to turn over to private realtors. Savings are estimated at 3,000 man-hours annually of county supervisors' time.

Scope:

An increasing volume of rental housing units acquired by the FHA.

Accomplishments:

Implementing instructions have been prepared and are under review for legal implications. Final promulgation is expected by July 1971.

Benefits:

Rental properties will be made available to rural renters through regular commercial channels in the real estate trade. This should be more convenient for buyers and renters than dealing with an agency county office official who is often out of the office and whose training may not equip him to efficiently handle rental problems. There should also be a strengthening of local business by taking over commercial business-type functions from the Federal Government.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Increased acreage measurement services offered farmers

DESCRIPTION OF ACCOMPLISHMENT

Background

: Many farmers estimate their acreages under production adjustment programs. In the case of unintentional overplanting, crops must be subsequently destroyed for program compliance.

Scope

: ASCS offers farmers more accurate measurement of cropland before planting through aerial photography. Farmers who afford themselves of this service avoid overplanting and are assured compliance with program acreage provisions.

Accomplishments : 16 ASCS State offices have submitted goals to increase acreage measuring services to farmers from 331 thousand in 1970 to 359 thousand in 1971. Other States who have not officially reported these goals are also actively engaged in offering measuring services to farmers.

Benefits

:: Farmers who afford themselves of the acreage measurement services through aerial photography have eliminated the loss of materials and labor through unintentional overplanting and subsequent destruction of their crops. Farmers are in a better position to take full advantage of their allotment and base acreages.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Update aerial photo-copies earlier to assist farmer

DESCRIPTION OF ACCOMPLISHMENT

- Background : Many farmers estimate their acreages under production adjustment programs. After program provisions have been met, farmers review acreages with county offices to determine program compliance.
- Scope : After completion of all 1970 spot checks and measuring services, basic records will be updated to show any change in cropland. The aerial photo enlargements on which new acreages have been established will be submitted to the State office for recopying. The producer will then receive a photocopy with all of the latest available information for his farm.
- Accomplishments : Procedures have been amended to provide for updated aerial photo copies to farmers. This provides farmers with an accurate position on cropland acreages.
- Benefits : The use of updated photo copies at time of certification for program compliance assures correct cropland acreage and eliminates any additional acreage measurement for program compliance. In addition, workload has been reduced at certification time when county offices review acreages.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Improved reconcentration procedures for CCC-owned cotton.

DESCRIPTION OF ACCOMPLISHMENT

- Background : In order to provide warehouse facilities for new crop cotton and to place cotton in strategic shipping points for marketing, the New Orleans Commodity Office instructs warehousemen to move CCC-owned cotton to different locations.
- Scope : Presently warehouses are required to prepare loading reports, bills of lading, weight and data sheets. This involves a large volume of documentation, reconciliation and adjustments. The intent of the improved procedures is to give more latitude to warehousemen since the calculated risks for loss of control are few.
- Accomplishments : Proposals have been agreed upon by warehousemen and the New Orleans Commodity Office which will eliminate a large volume of shipping and receiving documents. Forms are currently being designed by the New Orleans office. Plans are to complete implementation by Aug. 1971.
- Benefits : The proposed procedures will eliminate red tape, paper work, and expedite payments to warehousemen. Increased productivity and efficiency should likewise result in the New Orleans Office.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Streamlining and Standardization of Requirements and Procedures

TITLE OF ACCOMPLISHMENT:

Simplifying of Commodity Ordering

DESCRIPTION OF ACCOMPLISHMENT

Background:

Prior to this project, Federal, State, and local units of government involved in Commodity Distribution programs were required to submit a separate form for each delivery order quantity or carlot. Each form (CFP 54) required detailed shipping instructions for each delivery order quantity.

This project requires each Distributing Agency to submit a master list of destinations used by it as receiving points for commodities. This list would contain the address of the consignee, address for wire notices and shipping instruction for each destination.

The destination listing will be reviewed by the Regional Office for accuracy and completeness. Then the Regional Office will assign unique codes to each destination. Copies of the list will be sent to Minneapolis ASCS Commodity Office (MPCO), the State agencies, and other interested parties. MPCO will keypunch this list and put it on the computer as a permanent address file.

Instead of typing a separate Delivery Order (CFP 54) for each carlot the distributing agency will submit shipping requests for several carlots on a new form - Commodity Delivery Request. Detailed shipping instructions will be replaced by the destination code. This form will be forwarded to the regional office for normal review. They then will forward it to MPCO where it will be keypunched.

The codes will be used to obtain the shipping instructions and destination from the address file for the purchase order (Notice to Deliver MP 269).

The Director, CD, is responsible for evaluating the results of the pilot project and providing necessary instructions and guidance to Regional Offices and State agencies.

Regional Offices are responsible for obtaining lists of consignees and reviewing the lists for accuracy and completeness. They also are responsible for periodically updating these lists.

State agencies are responsible for supplying accurate lists of destinations and updating these as required.

The Director, CD, in conjunction with the Director, MPCO, is responsible for overall coordination.

Scope: Federal, State, and local units of government involved in Commodity Distribution programs.

Accomplishments: Save the local distributing agency typing by allowing several requests on one form and also saving typing of shipping instructions which account for approximately 50 percent of the information on the delivery order.

The Regional Office will no longer have to prepare an Abstract of Deliver Order (CPP 16).

The MPCO keypunching load will be significantly reduced.

The possibility of errors will be reduced because there will be fewer forms to type and less to type on each form.

Arrangements are being made to conduct a pilot study in the Northeast Region. MPCO has already prepared a consignee file on magnetic tape and assigned codes. Presently it uses this file to obtain the wire notice address for use of the MP 110 Notice to Shipper.

A pilot study was started in the Northeast on January 4, 1971. It will be extended to the Southwest and Midwest on April 1, 1971, and nation-wide by July 1, 1971.

The Minneapolis ASCS Commodity Office estimated an annual net cost-saving of \$11,171 for each of the first three years of operation under the proposal. The savings are based on a 3-year projection (1971-73 average) under old methods. The projected volume averages are based on document volume related to 3 years' (1968-1970) computer operations. The annual average increase of orders from 1968 to 1970 was 6,313 per year.

Summary Projected Cost/Savings

1. Key punching	(Old)	\$21,466.86
	(New)	8,933.34
	Savings	\$12,533.52
2. Coding	(Old)	\$ 3,780.00
	(New)	774.90
	Savings	\$ 3,005.10
3. Handling/Filing	(Old)	\$ 1,912.54
	(New)	439.26
	Savings	\$ 1,473.28
4. Machine Time	(Old)	\$ 22.60
	(New)	12.40
	Savings	\$ 10.20
TOTAL		\$17,022.10
5. System development cost		
\$11,997.85 ÷ 3 years		3,999.28 per year
6. Annual system maintenance cost		1,851.30
Projected Annual Net Savings		\$11,171.52

The gross annual savings for each of the first three years is converted to the net annual figure by deducting the initial costs of implementation and the annual system maintenance cost from the gross annual savings figure.

Benefits:

The proposal would effectively reduce repetitive paper-work and would result in large cost savings at the three levels of operation involved.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Strengthen Management Capabilities of State and Local Governments

TITLE OF ACCOMPLISHMENT:

Strengthen Management Capabilities of State and Local Government
Participants in Agriculture Programs

DESCRIPTION OF ACCOMPLISHMENT**Background:**

Most of the programs of Agriculture are carried out in cooperation with State and local governments. As a part of the Federal Assistance Review program every avenue is being explored to increase State and local participation in Agriculture programs. One of the key elements involved in this process relates to strengthening the management capabilities of Agriculture programs in State and local governments. There are several current efforts by Agriculture which have this objective. A Task Force study of this subject area recommended further actions to assist State and local governments.

Accomplishments:

Strengthening management capabilities of state and local governments is now underway in the following areas.

1. Common use of facilities. Opportunities exist for common use of office space, utilities, supplies, laboratories, computer systems, buildings, and the like. Progress has been made in these areas.
 - a. Emphasis will be currently placed on cross-utilization of Federal and State laboratories as being the area having the greatest potential for cost saving and improved services. An action plan, including the necessary criteria, is being developed by the Department for an effective system of intergovernmental use of laboratories.

A meat and poultry inspection laboratory committee was established in the Consumer and Marketing Service to coordinate State/Federal laboratory activities with respect to training, laboratory procedures, standardization, qualifications, and running a check sample program.
 - b. USDA reproduction and mailing equipment is now being jointly used by Federal and State programs in New Jersey and California Market News offices as a result of arrangements worked out in 1970.

- c. Computer systems. The introduction of electronic data processing in the State Statistical Offices has provided further opportunity for the development of close working relationships at the State level. For example, computers have been installed, using State and Federal financing, in our offices in Wisconsin and Illinois. These computer installations are under the direction of our Statistician in Charge but they are staffed by both State and Federal employees and process work for the State Statistical Office and other agencies in the State Department of Agriculture. These installations have been highly successful in providing timely and economical services. A recent audit conducted by the State of Wisconsin indicated that installation of the on-site computer resulted in a 17 percent savings in total costs during the first year of operation. Increased savings are expected with the current higher levels of utilization. Similar savings could be documented in Illinois where the State is planning to increase its contribution to the computer installation in order to further increase computer capabilities.

The Statistical Reporting Service is accelerating its State office training programs in electronic data processing in order to prepare for similar capabilities in all State Statistical Offices.

Common use of computer systems between Federal and State Agriculture programs was the subject of a special review with the National Association of State Departments of Agriculture (NASDA). A national meeting on the subject was held with USDA and NASDA representatives in 1970. NASDA and USDA are continuing study in this area.

The Department operates a computerized scientific and management information storage and retrieval system. Data from USDA agencies and from State Agricultural Experiment Stations provide the basis for aggregations of scientific and management information which permits joint and coordinated planning of Agricultural research programs between Federal and State agencies. State agencies have direct access to this CRIS data.

2. Communications. It was found that communications between State and Federal offices would be enhanced if the States were authorized to utilize the Federal Telecommunications System (FTS). Accordingly, action was initiated with the General Services Administration to provide for the State of California Agriculture Department to participate in the FTS. If this proves to be successful it can be assumed

that the FTS will be made available to other states on request.

3. Personnel and training. There is an apparent need and demand for interchange of Federal/State employees and training of state and local employees in Agriculture programs. Accordingly, the Department Director of Personnel, in consultation with agency and state officials, is initiating the following actions.
 - a. Develop a training program in management that will contribute to strengthening State capability to manage their expanded participation in agricultural programs.
 - b. Coordinate training programs in the technical and program areas required to strengthen State program operation capability.
 - c. Work with the Civil Service Commission and the Office of Management and Budget to develop a Government-wide training program to be available to State officials to acquaint them with the Administration's New Federalism concepts.
 - d. Develop criteria for guidance of agencies as to the extent to which Federal programs should finance participation by State employees in these training programs.
 - e. Develop and implement a program for interchange of Federal and State employees wherever this will contribute to each other's program interests.

During 1970 and 1971, Agriculture programs provided a wide range of training assistance to States and interchanged employees between Federal and State programs. Some examples are:

- a. Cooperative Federal-State Inspectors. State employees who perform services under cooperative agreements with States were included in a number of C&MS training sessions. Examples include:
 - (1) Seed inspection. The Grain Division conducted a Seed Inspector Workshop for State Seed Inspectors. State Chief Inspectors were also brought to Seed Branch headquarters and Seed Branch technicians sent to State headquarters. Objective - a better understanding of each other's problems, plans and procedures.

(2) Dairy Products Inspection. The Dairy Division conducted seminars for State and Federal Dairy Inspectors in Michigan, North Dakota, New York, Maryland, Vermont, Connecticut, and Oklahoma. Thirty-four State employees participated in these seminars.

(3) Fruit and Vegetable Inspection. The Fruit and Vegetable Division conducted:

- Two, one-month long, terminal market inspection training schools; thirteen of the 27 inspectors attending were State employees.
- Three refresher terminal market inspection training schools; over half of the 39 inspectors attending were State employees.
- One instructor training school; 28 of the 35 inspectors attending were State employees.
- An additional 143 training classes were conducted for shipping point inspectors under our cooperative inspection agreements. State trainees included:
 - 135 State employees trained on the job
 - 1,016 State employees given formalized inspector training
 - 2,406 experienced inspectors given refresher training

(4) Meat Grading. In March, 1970, the Livestock Division, C&MS negotiated an agreement with North Carolina for meat grading to be done by State employees under the supervision of Federal meat grading supervisors. Prior to final negotiation, the Federal supervisors provided roughly 300 hours of training to the State graders and, since then, have provided approximately 250 more hours of training.

- b. The Cooperative State Research Service (CSRS) regularly has three to five employees in the interchange program whereby members of their staff are assigned, for up to one year, to State Agricultural Experiment Stations and, in turn, they obtain the services of State personnel.
- c. The CSRS provided for selected representatives of State Agricultural Experiment Stations to participate in a workshop on research and planning allocations and to a conference on science and education management in January of 1971.

- d. The Packers and Stockyards Administration (P&SA) currently assists in the training of State scale inspectors.
- e. The Grain Division of C&MS recently worked out an exchange of State Chief and Federal seed inspectors to become better acquainted with each other's problems, plans, and procedures.
- f. Fire Training.

(1) A National Advanced Fire Management Course was held January 18-29, 1971. Three State Forestry personnel from the States of Louisiana, New Jersey and Florida attended this course conducted by the Forest Service (FS) at their Marana, Arizona Fire Control Training Center.

(2) A National Fire Prevention Course was held February 8-19, 1971 at the FS Marana Fire Control Training Center. Four State Forestry employees from the States of Maine, Kentucky, Oregon and Kansas attended.

(3) Fire Equipment Seminar - Four State Forestry personnel from the States of Washington, Oregon, Michigan and Pennsylvania attended this course sponsored by FS in the spring of 1970.

(4) Fire Simulator Instructors' Courses were completed this fall at Alexandria, Louisiana and Asheville, North Carolina for State and Forest Service employees and personnel from the eleven Southern States. The objective of this course was to teach participants how to conduct their own fire simulator training sessions.

(5) A Fire Management Research Workshop was held in January, 1971 for representatives from the State Forestry Departments of Mississippi, Louisiana, Texas, Arkansas, and Oklahoma plus Forest Service personnel.

- g. Organization Management Training. A course has been given by the Forest Service to the State Forestry Departments of Alabama, Texas, South Carolina and Georgia.
- h. Comprehensive Planning, Organization Principles, and Basic Photo Interpretation Training Courses were conducted for State Forestry personnel in the States of New Mexico and Arizona.

- i. A Short Course in Administrative Management was developed and conducted by the Forest Service for sub-professional employees of Florida's forestry division.
 - j. A Salesman's Course for Service Foresters was conducted for the Service Foresters of Florida, Division of Forestry.
 - k. Much other recent training has been given to State forestry units by the Forest Service, including comprehensive planning, basic photo interpretation, personnel management systems, and training in forest management.
4. Management Assistance. As the States assume a larger role in Agriculture programs their need for management assistance in improving their overall management capability is apparent to State officials. The needs and the demand is for both administrative management reviews, training in management, and management assistance in specific administrative areas. Accordingly, the Department is undertaking, in cooperation with the National Association of State Departments of Agriculture, to establish the extent and character of state interest in USDA providing the states with administrative management assistance. A follow-on program will then be developed in consultation with the several states to provide needed management assistance to the extent that Department resources will permit.

Current accomplishments in providing management assistance are summarized below:

- a. The Statistical Staff, C&MS, is working closely with the National Association of Marketing Officials and NASDA to encourage State's use of modern sampling techniques in grading, inspection, and regulatory programs.
- b. Action has been initiated by the Forest Service in four pilot states to develop systems for making workload and organization analyses in order to strengthen State forest pest control programs.
- c. Workload analyses have been completed or will be completed in Kentucky, Oklahoma, Texas, Arkansas, Utah, Nevada and Idaho. Technical assistance is provided the States by the Forest Service in making the workload analyses.

- d. Several forest improvement programs are currently underway in several States. The financial and technical assistance provided by the Forest Service is helping to strengthen State expertise.
- e. New systems for the States of North Carolina, Florida, and South Carolina were implemented through technical assistance of the Forest Service.

FEDERAL ASSISTANCE REVIEW
SECOND ANNUAL REPORT OF ACCOMPLISHMENTS
MARCH 1, 1971

REVIEW CATEGORY:

Strengthen Management Capabilities of State and Local
Government Participants in Agriculture Programs

TITLE OF ACCOMPLISHMENT:

Computer Assisted Menu Planning (CAMP) for School Lunch
Services

DESCRIPTION OF ACCOMPLISHMENT**Background:**

The purpose of CAMP is to improve child nutrition as regards school lunch programs by developing cycles of lowest cost school lunch menus which meet school lunch nutritional standards; by summarizing the quantities of commodities needed for school lunch preparation over given periods of time; and to insure adherence to school lunch nutrient constraints in the planning of menus.

All school lunch menus formerly offered in clerical form will be offered to users of CAMP on magnetic tape by FNS. Computer programs will be needed to generate CAMP menus; these are now being offered to potential CAMP program participants free of charge by IBM.

Scope:

The CAMP program will be implemented through local school districts on a voluntary basis. Data banks, computer programs, and computer systems and operating information will be supplied by the FNS.

Accomplishments: The initial CAMP installation has been established at the Washington Data Processing Center, and training and practice for Federal employees were accomplished on CAMP techniques and procedures.

These pilot installations will be established from nominations by the FNS regional offices. Data on the Type-A lunch pattern will be assembled and coded.

After nutritional and food item edits, it will be put on a six-week cycle.

Preparatory arrangements will be made for the selected CAMP installations, and generalized executive training for local, State, and regional personnel will be undertaken. The CAMP will then be installed at the three locations and training will take place for State personnel in CAMP data procedures.

Accomplishments: The three pilots will then undergo two weeks of supervised operation, followed by an indeterminate period of independent practice, after which evaluation will be made by State, local, and regional officials.

An effort will be made to apportion the pilot programs as regards the FNS regions.

Benefits: School districts desiring menus that will assure nutritional lunch programs with a minimum of cost will be able to obtain them through a proven menu-planning system.

